

**ACPNS Mission**

To bring to the community the benefits of teaching, research, technology and service relevant to the philanthropic and nonprofit communities.

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**ACPNS Current Issues Information Sheet 2014/4**

*August 2014*

**The Not for Profit Sector in Australia: Fact Sheet****Size**

There are around 600,000 not-for-profit organisations (NFPs) in Australia. The bulk of these are small, non-employing organisations that rely on the voluntary contributions of members (and others). In 2012–13 there were nearly 57,000 ‘economically significant’ NFPs which have an active tax role (this includes all market NFPs<sup>1</sup> (approx. 21,000) and significant non-market NFPs<sup>2</sup> (approx. 36,000)). In 2006–07 there were approximately 1,000 more organisations classified as economically significant NFPs.<sup>3</sup> As at 1 July 2014 there were 60,755 charities registered with the ACNC. The net number of charities has grown by 10 per cent (nearly 5,700) since October 2011.<sup>4</sup>

**Economic Contribution**

The sector makes a significant contribution to the Australian economy. In 2012–13 it accounted for \$54,796 million or 3.9 per cent of GVA/3.8 per cent of GDP<sup>5</sup> (which does not include the contribution of volunteers) – a contribution more than twice as large as the entire economic contribution of the state of Tasmania; and larger than the agricultural, forestry and fishing industries (2.4 per cent) and the information, media and telecommunications and media industries (3 per cent). In 2006–07 the sector contributed 3.2 per cent, and in 1999–2000, 3.3 per cent.

The sector experienced strong growth from 2006–07 to 2012–13, but with considerable variations across activity areas:

<sup>1</sup> Nonprofits which receive income from sales sufficient to cover the majority of their costs of production. Sales in this context include income received from government provided on a volume basis; rent, leasing and hiring income; sponsorship income; and membership fees.

<sup>2</sup> Nonprofits which rely principally on funds other than receipts from sales to cover their costs of production or other activities e.g. donations.

<sup>3</sup> Some of this decline is due to the ABS finding that some family trusts and other NFPs (termed Non-Profit Institutions in the ABS’s satellite accounts) were incorrectly included in the scope

<sup>4</sup> Not all charities are economically significant.

<sup>5</sup> GVA is Gross Value Added, i.e. the total market value of goods and services produced in Australia after deducting the cost of goods and services used up in the process of production; GDP is the monetary value of all the finished goods and services produced within a country's borders.

- contribution to GDP grew at an annual average rate of 6 per cent in real terms;
- the largest percentage change was in health (excluding hospitals) 99.4 per cent growth; education and research 83.8 per cent; social services 83.0 per cent; and culture and recreation 73.3 per cent;
- at the lower end of the scale were the environment, development and housing, law, advocacy, philanthropic, international sub-sector with 19.9 per cent growth; business and professional associations and unions, with 24.5 per cent; and religion, 28.4 per cent.

### **Employment (excluding volunteers)**

In June 2013, NFP employment was 1,081,900 or 9.3 per cent of the Australian workforce. The NFP sector's contribution to total employment grew from 6.8 per cent in 1999–2000 to 8.5 per cent in 2006–07, rising further to 9.3 per cent in 2012–13. All activity areas (except religion, and business and professional associations and unions) reported positive growth in the number of people employed.

The top five employing sub-sectors are social services (296,900); education and research (276,300); culture and recreation (128,900); health (excluding hospitals) (124,100); and the miscellaneous class of environment, development and housing, law, advocacy, philanthropic and international (88,100).

### **Volunteering<sup>6</sup>**

In 2006–07, 4.6 million volunteers worked with NFPs; these people had a wage equivalent value of \$15 billion. More Australians are volunteering, but for fewer average hours, so total hours volunteered grew only slowly (2 per cent per annum over the 7 years to 2006–07).<sup>7</sup>

- In 2010, over a third of Australians aged 18 years and over participated in voluntary work – 38 per cent of women and 34 per cent of men.
- Sport and physical recreation organisations were the most common type that people volunteered for (44 per cent of male volunteers and 32 per cent of female volunteers).
- Volunteering was more common among those living outside of a capital city. In 2010, the volunteer rate was 41 per cent outside capital cities compared with 34 per cent for capital cities.

### **Income**

Total ABS measured NFP sector income was \$107,840 million in 2012–13, having doubled in real terms since 2000.

In 2012–13 over three quarters of the sector's income was self-generated (including sales of goods, fees for services,

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<sup>6</sup> It should be noted that the volunteer data excludes informal voluntary activity such as caring for an elderly or disabled person.

<sup>7</sup> These data will be updated by the ABS in June 2015.

investment income, and royalties) and around 8 per cent came from fundraising and philanthropic sources. Over a third of income is received from government, just under a third from households and just over 10 per cent from the business sector. Funding received from government has grown strongly, rising from 30.2 per cent of sector income in 1999–2000 to 33.2 per cent in 2006–07, and reaching 38 per cent in 2012–13.

Income from government consists of 72 per cent from volume based government funding (provided subject to an agreement specifying the volume of services to be delivered, eg. per student school funding); transfers for current operations 22 per cent (general purpose grants) and transfer for capital equipment 5.5 per cent (one-off funds for capital improvements or purchases, eg cars, buildings).

## Expenses

ABS measured labour costs are the most significant expense faced by the sector, amounting to \$51,689 million in 2102–13, nearly half of all expenses. This figure has doubled in real terms since 1999–2000.

The Education and Research sub-sector expended \$15,781 million on employment; the Social Services was the next highest in this expenditure category with \$11,438 million. The Culture and Recreation sub-sector was the biggest spender on the purchase of goods and services (\$7,330 million); the Education and Research sub-sector was next highest (\$6,084 million) followed by Social Services (\$5,463 million).

Savings<sup>8</sup> were highest in Education and Research (\$1,753 million) followed by Culture and Recreation (\$984 million) and Social Service (\$786 million).

## Philanthropy

In 2012–13 total ABS measured giving amounted to \$8,614 million (8 per cent of total sector income and 0.57 per cent of GDP):

Donations, bequests and legacies	\$3,993 million
Donations from businesses	\$863 million
Donations from trusts and foundations	\$474 million
Sponsorships	\$1,381 million
Other fundraising	\$1,903 million

Income from donations, bequests and legacies experienced a 20 per cent decrease in real terms from 2006–07 when total giving was \$5131 million (6.9 per cent of total sector income).

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<sup>8</sup> Total revenue less total expenses.

The sub sectors receiving significant philanthropy were environment, development and housing, law, advocacy, philanthropic, international (\$3,194m – 37 per cent); Religion (\$1,805m – 20 per cent); Social Services (\$1,240m – 14 per cent) and culture and recreation (\$1,082m – 12.5 per cent).

The major recipients of foundation funding was social service (\$122m) followed by education and research (\$114m). The major recipients of business donations were environment, development and housing, law, advocacy, philanthropic, international (\$242m); education and research (\$196m) followed by social service (\$183m). Sponsorships were mainly directed at Culture and recreation (\$672m); environment, development and housing, law, advocacy, philanthropic, international (\$415m); and industry associations, unions (\$160m). Donations and bequests from individuals went to environment, development and housing, law, advocacy, philanthropic, international (\$1405m); religion (\$1,510m) and social services (\$507m).

Only 26 per cent of total giving (\$2.24 billion) was claimed as tax-deductible donations in 2011–12. In real terms this is \$385 million less than the level of tax deductible giving in 2007–08. The average tax-deductible donation in 2011–12 was \$494.25 with just over a third of taxpayers claiming a gift deduction. Nearly 62 per cent of those with a taxable income over \$1 million claimed average tax-deductible donations of \$49,678.88 (1.47 per cent of their taxable income). Workplace giving in 2011-12 totalled \$40m, an increase of 21.2 per cent over the previous year and planned giving has increased as a proportion of overall giving.<sup>9</sup>

There were 6,015 charitable funds registered with the ATO as at October 2013 with net growth of 145 funds since 2011. Private Ancillary Funds (PAFs) were introduced in 2001 to encourage high net worth individuals to create private foundations and as at October 2012<sup>10</sup> there were 1,002 PAFs. These received \$354.49 million in donations, and distributed \$251.66 million in grants, with a remaining corpus of \$2,933.6 million. Since 2001 PAFs have distributed over \$1.2 billion.

### **International comparisons<sup>11</sup>**

The John Hopkins Civil Society Studies 2013 comparable figures (not necessarily latest for Australia) are used with others as indicated in the references to give a sense of difference between countries showing:

- **Giving**

Giving as a percentage of GDP is difficult to compare between nations, however data for 2012–13 show that in the United States, giving was estimated to be 2 per cent of GDP; in the United Kingdom it was 1 per cent; in Australia it was 0.57 per cent; and in Canada, 0.46 per cent

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<sup>9</sup> Workplace giving involves tax deductible donations being deducted directly from each pay of a donor and is an example of planned or structured giving; other examples are bequests and creating private foundations.

<sup>10</sup> Includes 2012 returns processed by the ATO to 18 June 2014, which is longer than the normal time period.

<sup>11</sup> Due to differences in definitions and timing, these figures are indicative only and draw upon Johns Hopkins Center for Civil Society publications. Australian data in this section do not use the latest ABS work (unless indicated), in order to show comparisons better.

- **Size**

In the United States, approximately 1.58 million NFPs were registered with the Internal Revenue Service (IRS) in 2011; it is unknown how many others are not registered. There were estimated to be more than 76,610 grantmaking foundations in 2011; foundation giving totalled US\$46.9 billion and foundation assets amounted to US\$646.1 billion.

In the United Kingdom there are approximately 900,000 NFP organisations including just over 161,000 charities. There are 12,371 grantmaking foundations (over 7 per cent of charities), with net assets of £30.6 billion. In 2011–12, the whole sector outlaid £5 billion making grants to other voluntary organisations, individuals and public sector organisations (13 per cent of its total expenditure).

In Canada, 2013 there are over 170,000 charitable and NFP organisations; 85,000 of these are registered charities recognised by the Canada Revenue Agency. There are nearly 10,400 foundations (about 12 per cent of registered charities); these made C\$4.3 billion in grants and had C\$46 billion in assets.

In New Zealand, there are approximately 97,000 NFP organisations with over 27,000 registered as charities.

- **Growth**

Australia's NFP sector has shown growth of 11 per cent, higher than Canada, where growth is 6.4 per cent and the United States with 5.5 per cent.

- **Economic Contribution**<sup>12</sup>

Using the United Nations Non-Profit Institutions Handbook measure, Canada's NFP sector leads in terms of economic contribution as a percentage of GDP (7.1 per cent), followed by the United States (5.5 per cent), Australia (3.2 per cent), and New Zealand (2.8 per cent).

- **Revenue**

Revenue by percentage source (ratio of fees:government:philanthropy) for New Zealand is 67:9:24; Japan 59:37:4; Australia 51:33:11 and Canada 42:51:7.<sup>13</sup>

- **Giving**

Giving as a percentage of GDP is difficult to compare between nations, however data for 2012–13 show that in the US, giving was estimated to be 2 per cent of GDP; in the UK between 0.4 and 1 per cent; in Australia it was 0.57 per cent;<sup>14</sup> and in Canada, 0.46 per cent. In a recent study by CAF comparing 20 countries' average scores on five measures of giving, over the period from 2008 to 2012, Australia ranked 2<sup>nd</sup> behind the US, followed by New Zealand, Ireland, Canada and the UK.

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<sup>12</sup> Includes volunteers; constructed according to the UN NPI Handbook measure which results in higher levels than the standard SNA measure.

<sup>13</sup> Balance is made up of other revenue.

<sup>14</sup> Australian ABS 2012–13 data used.

- **Workforce**

Australia's NFP sector had 11.5 per cent of the total Australian workforce (8.5 per cent employed; 3 per cent volunteer) ahead of New Zealand at 10 per cent (4.4 per cent employed; 6.2 per cent volunteer) and the US at 10.2 per cent (7.7 per cent employed; 2.5 per cent volunteer).

- **Labour Costs**

Australia and the US both have labour costs comprising 71 per cent of expenditures, followed by Canada at 58 per cent and New Zealand at 41 per cent.

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## Sources

Around the world, measuring the size of the nonprofit sector is a recent development. Australia is at a comparative disadvantage compared to other jurisdictions because it lacks a central regulator for the whole sector and there is no income tax filing requirement for the majority of nonprofit organisations, which creates a source of data used by other countries. Definitions, modes of measurement and time periods also differ within and outside Australia. Because of these factors there are inconsistent and incomplete figures, but the latest and most plausible have been chosen unless otherwise indicated.

Note that, as explained in the opening paragraphs, the ABS Non-Profit Institutions Satellite Account only measures 57,000 'economically significant' NFPs out of the estimated 600,000 NFPs and totals for the whole sector are likely to be greater, but how much greater is unknown.

### Size

Australian Bureau of Statistics (2009). *Australian National Accounts: Non-Profit Institutions Satellite Account, 2006-07* (Catalogue No 5256.0), available at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/allprimarymainfeatures/D6EEC490AEB97AB6CA257D04001293DA?opendocument>

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Productivity Commission (2010). *Contribution of the Not-for-Profit Sector. Research Report*. Canberra, Australian Government, chapter 4, available at <http://www.pc.gov.au/projects/study/not-for-profit/report>

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Australian Bureau of Statistics (2014). *Australian National Accounts: Non-Profit Institutions Satellite Account, 2012-13* (Catalogue No 5256.0), p. 16, available at <http://www.abs.gov.au/AusStats/ABS@.nsf/MF/5256.0>

## Expenses

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# Our graduates make a difference and you can too

## Why study with the Australian Centre for Philanthropy and Nonprofit Studies (ACPNS)?

- Our courses are well known and highly regarded in the nonprofit sector and you will be studying with people who are just as passionate about the sector as you are and our lecturers are enthusiastic experts in their field.
- Our courses are available in class or via flexible delivery so you can study with ACPNS from wherever you are in Australia.
- Units are taught in six-week teaching periods, meaning you can cover a greater breadth of topics in a shorter period of time.
- You don't necessarily need an undergrad degree to enrol; your practice knowledge and experience is taken into consideration when you apply.

ACPNS offers two postgraduate courses, the Graduate Certificate in Business (Philanthropy and Nonprofit Studies) and the Master of Business (Philanthropy and Nonprofit Studies), both designed to equip students with the expertise to manage nonprofit organisations. Both courses build professional knowledge and skills in focal nonprofit topics, including governance, management, ethical practices, legal issues, fundraising, accounting & finance, marketing, and social enterprise.

Our alumni are making a difference to the way nonprofits operate in the community service environment, philanthropy, legal, accounting and consulting professions, finance, fundraising, economics, social enterprise and other sectors, both in Australia and overseas.

## Scholarships and bursaries

Due to the generosity of ACPNS supporters and their alumni, ACPNS students have access to a range of generous financial support options, including scholarships, grants, bursaries and prizes. Scholarships are awarded for both merit and/or financial need.

For more information on courses and financial support for ACPNS students please feel free to call us on 07 3138 1020 or email [acpns@qut.edu.au](mailto:acpns@qut.edu.au). You can also find more information online by going to 'Study with us' at [www.qut.edu.au/business/acpns](http://www.qut.edu.au/business/acpns)

## About the Centre

The Australian Centre for Philanthropy and Nonprofit Studies is within the School of Business at the Queensland University of Technology. ACPNS brings to the community the benefits of teaching, research, technology and service relevant to philanthropic and nonprofit communities and is a full member of the International Nonprofit Academic Centres Council.

The ACPNS website offers valuable resources to the philanthropic and nonprofit sector such as journal articles, statistics and podcasts on a wide range of contemporary issues such as fundraising, social investment, charity law and nonprofit governance. Visit [www.qut.edu.au/business/acpns](http://www.qut.edu.au/business/acpns) for more information, or contact us on 07 3138 1020 or [acpns@qut.edu.au](mailto:acpns@qut.edu.au)



'Once I loved being a lawyer, now I love saving women's lives in some of the world's most exotic places, like Nepal, Bhutan and Kiribati.'

Joe, Chief Executive Officer at The Australian Cervical Cancer Foundation



'I knew that whatever I did I had to believe that I was contributing towards making the world a better place.'

Helen, working with Micah Projects to help people make the move from homelessness to home



'It's a great privilege to be able to work with the Boards of some of the most iconic nonprofits in Australia.'

Jennifer, working with Board Matters, a specialist consulting firm with not-for-profit governance and legal expertise



'I'm researching ways to help nonprofits stay sustainable during the tough fiscal times.'

Mike, ACPNS Research Fellow and Lecturer